

PRIORITY

FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY, GUATEMALA
 TO : PER ~~THIS DEPARTMENT~~ OFFICE OF STATE, WASHINGTON.
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July 16, 1954

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	04-10	OC/R-2 Ara-2 Una-2 7-10-54
	REC'D	OTHER
	7-19	USIA-8 Army-35 Navy-39-Air-24 Cia-10

SUBJECT: Joint Weeka No. 28 for State, Army and Air Departments from S.I.

SUMMARY

Action Office CCB-1-CSD
 Name of officer *[Signature]*

During the past week, Lt. Col. Carlos CASTILLO Armas, the new President of the Junta, gave the country further assurances that the social gains of the workers and peasants would be preserved and the reorganization of the government continued with numerous appointments, including that of an outstanding Supreme Court. However, many elements were dissatisfied with what they saw as the government's lack of vigor, especially in pursuing the Communists still at large. Although the Communist party's overt apparatus had collapsed with the overthrow of Arbenz, most of the party's top leaders still remained unaccounted for and efforts during the week to pursue them were not fruitful. Carlos Manuel PELLEGER, one of the country's top Communists, slipped by the police and made his way into the Argentine Embassy, and the Junta appointed Colonel Miguel MENDOZA, a vigorous anti-Communist, to be Chief of Police, apparently in an effort to make the anti-Communist campaign more effective.

The major development in the field of foreign affairs was the recognition of the Junta of Government by the United States, which was effected on July 13. The Mexican and Panamanian Governments also extended their recognition during the week.

The reorganization of the Armed Forces continued as the officers who had commanded the two regiments in Guatemala City during the Arbenz regime were given Military Attaché positions abroad to be replaced by officers in better standing with the Junta.

DOMESTIC AFFAIRS

Castillo Pledges Continued War on Communism and Preservation of Social Gains: In his first policy speech as President of the Junta, Castillo Armas told an "Anti-Communist Day" crowd on July 12 that the war against Communism must be carried out in new forms and gave assurances that the gains of Guatemala's workers and peasants would be consolidated.

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Outlining his social program, he promised that as soon as the present emergency was over, the activity of labor unions would continue normally on sole condition that Marxist elements not be allowed in them. He announced that the first steps were being taken to amend the Agrarian Reform Law and that it was planned to give the land to the campesinos as private property and not merely to make them tenants of the State, as had been the case under the Arbenz Administration. He asked for immediate cooperation of employers and farmers, stating that neither firing workers nor getting land back could serve as a basis for a just national reconstruction.

The Colonel's plea to employers and farmers appeared addressed to a tendency on their part to regard the change of government as a signal to settle scores with workers and farm laborers who had been troublesome under the Arbenz Regime. How widespread this tendency is is difficult to judge, but amid reports of extensive dismissals, the Secretary General of the Junta felt obliged in a public letter to request the Minister of the Interior to circularize the Departmental Governors, reminding them that the Labor Code was still in force and that campesinos who had received land under the Agrarian Reform were entitled to the produce of their work. Most of the 4000 persons whom the police during the week announced were under arrest appear to be the leaders of campesino unions, no substantial number of whom could be considered as indoctrinated Communists. During the weekend, a farmer in a rural inn who bought an Embassy officer a drink to thank the U.S. for standing up against Communism here, proudly announced that Communism was "finished" in his area: he had personally loaded 82 "Communist" campesinos into a truck and sent them to jail in the capital!

Pursuit of Communists Bogs Down: During the week little progress was made in locating the Communist leadership still at large, and no arrests of important Communists are known to have been made. Four of the 11 members of the Political Committee are now in asylum, an increase of two over the previous week due to the disclosure that Alfredo GUERRA Borges, the party's Propaganda Secretary, was in the Chilean Embassy, and to the success of Carlos Manuel PELLEGER, the party's most prominent agrarian leader, in slipping by the police into the Argentine Embassy disguised as a woman, according to the rumors.

Police did pick up a clandestine Communist radio near Tiquisate, the United Fruit's Pacific Coast headquarters, but captured no one. It was reportedly operated by two party members, Natzul AGUIRRE Cook, hitherto Agrarian Inspector, and Gabriel CANEY, hitherto Mayor of Escuintla, both of whom escaped. Meanwhile, the ineffectiveness of the drive against Communism is such that several registered party members, including Elsa de Guerra Borges, have petitioned the Foreign Ministry for assurance of safety in order to leave asylum.

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Colonel Castillo Armas, who has had this situation repeatedly pointed out to him, has placed his hopes for a more effective drive against Communists in appointing Colonel Miguel MENDOZA, a vigorous leader of his "Army of Liberation," as head of the Guardia Civil to succeed Colonel Rubén González Sigüí who had been suggested to the Monzón Junta by Castillo Armas' followers. However, this appointment only became effective on July 14.

New Judiciary Appointed: By a decree dated July 10, the Junta reconstituted the judiciary by appointing a Supreme Court and six Courts of Appeal. The new Supreme Court is presided over by Lic. Federico CARBONELL, a prominent anti-Communist of clerical leanings, and includes Humberto VIZCAINO Leal, former leading anti-Communist Deputy. Several observers have said it is the best court in memory and there is no doubt that its integrity and professional caliber dwarfs the previous court.

FOREIGN AFFAIRS

Recognition: The Ambassador, on instructions, delivered a note on the afternoon of July 13 to the Foreign Minister effecting the recognition of the new Guatemalan Government by the United States. This act made the main headlines the next day and added the United States to a list of some 15 countries which, according to the Foreign Ministry, have recognized the Junta: El Salvador, Nicaragua, Costa Rica, Honduras, Peru, the Dominican Republic, Venezuela, Cuba, Mexico, Panama, Nationalist China, Spain and France and the Holy See.

Guatemala Asks Security Council to Take No Further Action On Diagram: In a cable to the President of the Security Council, Guatemala asked that no further action be taken in respect to the charges of "invasion" placed before the United Nations by ex-Foreign Minister TORRELLA.

MILITARY

Army and Civilian Attachés Visit Top Leading Guatemalan Military Officials: On July 14, the day following U.S. recognition of the newly formed Junta of Government, the Army and Air attachés made courtesy calls on the Minister of Defense, Lt. Colonel Enrique CLOSE de Leon, and Chief of Staff, Lt. Colonel Oscar MENDOZA. Both officials expressed their desire promptly to request renewal of U.S. Military Mission contracts, which expired about 13 months ago. Colonel Close also disclosed that all regular Army troops had returned to Guatemala City from Zacapa during the past week. It is suspected that the movement was executed quietly in order to save embarrassment to the Army which suffered such a humiliating defeat in the recent revolution. Close further stated that plans were now being made for a token demonstration involving about 100

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men of Castillo Armas' "Liberation Army" on the Campo Marte in the near future, a much simpler demonstration than the triumphal entry the liberation forces originally hoped for. On this occasion Castillo's men would be thanked for their patriotic sacrifice and invited to join the regular Army if they so desired. Again, this is believed to be a concession to the regular Army by Castillo Armas and a face-saving maneuver to avoid further embarrassment to the National Army.

Colonel Close concluded the interview by asserting that the positions of the Chief of the Armed Forces and the Superior Council of National Defense would be abolished.

Military Assignments: The appointments of Colonel José BARRAL, former Commander of the 1st Regiment; Colonel Pablo BLAS, former Commander of the 2d Regiment; and Colonel Juan BOLANOS, former Deputy Chief of Staff, as military Attachés to Mexico, El Salvador and Honduras respectively indicates Castillo Armas' determination to eliminate the "Old Guard" influence in the Armed Forces and at the same time evidenced his good will in maintaining their services.

Castillo Armas Reassures National Army: After praising the Army in his "Anti-Communist Day" speech, Castillo Armas took two flying trips to the fourth and fifth military zone headquarters at Mazatenango and Quezaltenango, where he proclaimed that there would absolutely be no reprisals, sanctions, or punishments levied on the officer corps for having fulfilled their military duties during the recent revolution. This coincides with his previous statements and actions, and should help to consolidate his military support.

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